

**ASSEMBLY, No. 2101**

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**STATE OF NEW JERSEY**

**220th LEGISLATURE**

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INTRODUCED FEBRUARY 7, 2022

**Sponsored by:**

**Assemblywoman NANCY F. MUNOZ**

**District 21 (Morris, Somerset and Union)**

**Co-Sponsored by:**

**Assemblyman Thomson**

**SYNOPSIS**

“Innovate New Jersey Act”; establishes tax-free business incubators at institutions of higher education.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning assistance to business incubation facilities at  
 2 institutions of higher education, supplementing P.L.1974, c.180  
 3 (C.34:1B-1 et seq.), and amending R.S.54:4-3.6.

4  
 5 **BE IT ENACTED** by the Senate and General Assembly of the State  
 6 of New Jersey:

7  
 8 1. (New section) This act shall be known and may be cited as  
 9 the "Innovate New Jersey Act."

10  
 11 2. (New section) As used in P.L. , c. (C. ) (pending  
 12 before the Legislature as this bill):

13 "Advanced technology center" means a center at a public or  
 14 private institution of higher education, which is provided substantial  
 15 and concentrated financial support to promote the development of  
 16 innovative technology research.

17 "Authority" means the New Jersey Economic Development  
 18 Authority established pursuant to section 4 of P.L.1974,  
 19 c.80 (C.34:1B-4).

20 "Business incubation facility" means a low-cost, short-term  
 21 occupancy, rental space wherein assistance is granted to a targeted  
 22 network of new businesses employing selected technologies  
 23 congruent with the strengths of a public or private institution of  
 24 higher education in this State. A "business incubation facility"  
 25 shall include any "business incubation facilities" as defined in  
 26 section 2 of P.L.1985, c.102 (C.52:9X-2); a "qualified incubator  
 27 facility" as defined in section 2 of P.L.2011, c.149 (C.34:1B-243) or  
 28 section 3 of P.L.2009, c.90 (C.52:27D-489c); or an "advanced  
 29 technology center" or innovation zone established by the authority  
 30 if the "business incubation facilities," "qualified incubator facility,"  
 31 "advanced technology center," or innovation zone is located on the  
 32 campus of an institution of higher education and otherwise meets  
 33 the criteria established pursuant to P.L. , c. (C. ) (pending  
 34 before the Legislature as this bill).

35 "County college" means an educational institution established or  
 36 to be established by one or more counties, offering programs of  
 37 instruction, extending not more than two years beyond high school,  
 38 which may include, but not be limited to, specialized or  
 39 comprehensive curriculums, including college credit transfer  
 40 courses, terminal courses in the liberal arts and sciences, and  
 41 technical institute type programs.

42 "Director" means the Director of the Division of Taxation in the  
 43 Department of the Treasury.

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
 not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 "Eligible land" means land eligible pursuant to sections 5 or 6 of  
2 P.L. , c. (C. ) (pending before the Legislature as this bill)  
3 for approval as a tax-free New Jersey area.

4 "Innovate New Jersey Board" or "board" means the Innovate  
5 New Jersey Board established pursuant to section 4 of P.L. ,  
6 c. (C. ) (pending before the Legislature as this bill).

7 "Innovate New Jersey Grant Fund" or "fund" means the Innovate  
8 New Jersey Grant Fund established pursuant to section 18 of  
9 P.L. , c. (C. ) (pending before the Legislature as this bill).

10 "Innovate New Jersey Program" or "program" means the  
11 Innovate New Jersey Program established pursuant to the provisions  
12 of P.L. , c. (C. ) (pending before the Legislature as this bill).

13 "Institution of higher education" shall include a public institution  
14 of higher education and private institution of higher education.

15 "Net new job" means a job created in a tax-free New Jersey area  
16 that satisfies all of the following criteria:

- 17 a. is new to the State;
- 18 b. has not been transferred from another business located in  
19 this State through: an acquisition, merger, consolidation, or other  
20 reorganization of businesses; the acquisition of assets of another  
21 business; or from a related person in this State;
- 22 c. is either a full-time wage-paying job or equivalent to a full-  
23 time wage-paying job requiring at least 35 hours of work per week;  
24 and
- 25 d. is filled for more than six months.

26 Net new job shall not include a job filled by an individual  
27 employed within the State within the immediately preceding 60  
28 months by a related person.

29 "New business" means a business that satisfies all of the  
30 following criteria:

- 31 a. the business is not operating or located within the State at  
32 the time it submits its application to participate in the Innovate New  
33 Jersey Program;
- 34 b. the business is not moving existing jobs into a tax-free New  
35 Jersey area from another area in the State;
- 36 c. the business is not substantially similar in operation and in  
37 ownership to a business entity that is taxable, taxable within the last  
38 five taxable years, or which would have been subject to tax under  
39 the tax laws of this State; and
- 40 d. the business shall not have caused individuals to transfer  
41 from existing employment with a related person located in the State  
42 to similar employment with the business, unless the business has  
43 received approval for the transfers from the authority after  
44 demonstrating that the related person has not eliminated those  
45 existing positions.

46 "Private institution of higher education" means an independent  
47 college, university, or institute incorporated and located in New  
48 Jersey, which by virtue of law, character, or license is a nonprofit

1 educational institution authorized to grant academic degrees and  
2 provide a level of education which is equivalent to the education  
3 provided by the State's public institutions of higher education as  
4 attested by the receipt of and continuation of regional accreditation  
5 by the Middle States Association of Colleges and Schools, and  
6 which is eligible to receive State aid under the provisions of the  
7 Constitution of the United States and the Constitution of the State  
8 of New Jersey, but does not include any educational institution  
9 dedicated primarily to the education or training of ministers, priests,  
10 rabbis, or other professional persons in the field of religion.

11 "Public institution of higher education" means Rutgers, The State  
12 University of New Jersey, the New Jersey Institute of Technology,  
13 Rowan University, a State college, a county college, and any other  
14 New Jersey public university or college established or authorized by  
15 law.

16 "Related person" shall have the same meaning as provided in  
17 subparagraph (C) of paragraph 3 of subsection (b) of section 465 of  
18 the federal Internal Revenue Code (26 U.S.C. s.465).

19 "Sponsoring institution of higher education" means an institution  
20 of higher education that has received approval to sponsor a tax-free  
21 New Jersey area pursuant to sections 7 or 8 of P.L. , c. (C. )  
22 (pending before the Legislature as this bill).

23 "Tax-free New Jersey area" means eligible land or vacant space  
24 of an institution of higher education that meets the eligibility  
25 criteria and has been approved as a tax-free New Jersey area  
26 pursuant to sections 7 or 8 of P.L. , c. (C. ) (pending before  
27 the Legislature as this bill).

28 "Underutilized property" means abandoned eligible land or  
29 vacant space at an institution of higher education.

30

31 3. (New section) There is established an "Innovate New Jersey  
32 Program" within the authority. The purpose of the program is to  
33 provide assistance to any qualified new business in operation at a  
34 business incubation facility on the campus of an institution of  
35 higher education located in New Jersey.

36

37 4. (New section) a. There is established within the authority  
38 the Innovate New Jersey Board.

39 b. The purpose of the board shall be to review, consider, and  
40 approve applications by institutions of higher education to allocate:

41 (1) tax-free space for a business incubation facility where  
42 qualified new businesses will be eligible to locate and operate; and

43 (2) allocate grant monies made available through the Innovate  
44 New Jersey Grant Fund established pursuant to section 18 of  
45 P.L. , c. (C. ) (pending before the Legislature as this bill).

46 c. The board shall be comprised of five members. The  
47 Governor, the President of the Senate, the Speaker of the General  
48 Assembly, the Senate Minority Leader, and the Assembly Minority

1 Leader shall each appoint one member with significant expertise  
2 and experience in academic-based economic development. Each  
3 member of the board shall serve a term of five years. A board  
4 member shall recuse himself or herself from voting on any project  
5 where the board member, a member of his or her immediate family,  
6 or a business organization in which he or she has an interest, has a  
7 direct or indirect financial involvement that may reasonably be  
8 expected to impair his or her objectivity or independence of  
9 judgment. Vacancies in the membership of the board shall be filled  
10 in the same manner as the original appointments were made. Board  
11 members shall serve without compensation but may be reimbursed  
12 for necessary expenses incurred in the performance of their duties  
13 within the limits of funds available to the board.

14 d. The board shall be entitled to call to its assistance and avail  
15 itself of the services of the employees of the authority, any  
16 institution of higher education, and any State department, board,  
17 bureau, commission, authority, agency, or other entity, as the board  
18 may require and as may be available for its purposes. The board  
19 may employ stenographic and clerical assistance, and incur  
20 traveling and other miscellaneous expenses as may be necessary to  
21 perform its duties, within the limits of funds made available to the  
22 board for its purposes. The authority shall provide staffing for the  
23 work of the board.

24 e. The board may approve an application by an institution of  
25 higher education for the purposes described in subsection b. of this  
26 section only by a majority vote of the full membership of the board.  
27

28 5. (New section) a. Subject to the limitations prescribed in  
29 this section, the following shall constitute the eligible land of a  
30 public institution of higher education:

31 (1) any vacant land or vacant space in any building located on a  
32 campus of a public institution of higher education; and

33 (2) a business incubation facility having a bona fide affiliation  
34 with a public institution of higher education with the approval of  
35 the authority.

36 In order for there to be a bona fide affiliation of a business  
37 incubation facility with a public institution of higher education, the  
38 business incubation facility and the public institution of higher  
39 education shall have established a partnership to provide assistance  
40 and physical space to a new business. The business incubation  
41 facility and the public institution of higher education shall directly  
42 work towards the goal of jointly creating jobs and incubating new  
43 startup businesses and the mission and activities of the business  
44 incubation facility shall align with or further the academic mission  
45 of the public institution of higher education.

46 b. A public institution of higher education which qualifies  
47 under subsection a. of this section may apply to the Innovate New  
48 Jersey Board for a determination that identified vacant land or

1 identified vacant space in a building on the public institution of  
2 higher assistance's campus, is eligible land for purposes of this  
3 program.

4 c. The board shall give consideration to factors including rural,  
5 suburban, and urban geographic location and may qualify the  
6 identified land or space in a building as eligible land if the board, in  
7 consultation with the authority and the Secretary of Higher  
8 Education or the secretary's designee, determines that the public  
9 institution of higher education has shown that the use of the land or  
10 space will be consistent with the requirements of the program and  
11 the plan submitted by the public institution of higher education.  
12 The aggregate amount of qualified land or space under this section  
13 shall not exceed 150,000 square feet per public institution of higher  
14 education and, when combined with the aggregate amount of  
15 qualified land or space under section 6 of P.L. , c. (C. )  
16 (pending before the Legislature as this bill), shall not exceed 1.5  
17 million square feet within the State. The board shall maintain an  
18 accounting of the vacant land and space of public institutions of  
19 higher education that have been approved as tax-free New Jersey  
20 areas and shall stop accepting applications for approval of tax-free  
21 New Jersey areas when that maximum amount has been reached.

22 d. A public institution of higher education shall not relocate or  
23 eliminate any academic programs, administrative programs, offices,  
24 housing facilities, dining facilities, athletic facilities, or any other  
25 facility, space, or program that actively serves students, faculty, or  
26 staff in order to create vacant land or space to be utilized for the  
27 Innovate New Jersey Program. Nothing in P.L. , c. (C. )  
28 (pending before the Legislature as this bill) shall be deemed to  
29 waive or impair any rights or benefits of employees of a public  
30 institution of higher education that otherwise would be available to  
31 them pursuant to the terms of agreements between the certified  
32 representatives of those employees and their employers. Services  
33 or work currently performed by public employees of a public  
34 institution of higher education or future work that is similar in  
35 scope and nature to the work being currently performed by public  
36 employees shall not be contracted out or privatized by a public  
37 institution of higher education or by an affiliated entity or  
38 associated entity of a public institution of higher education. For the  
39 purpose of this section, an affiliated entity or associated entity shall  
40 not include a business that is participating in the program.

41

42 6. (New section) a. Subject to the limitations prescribed in  
43 this section, the following shall constitute the eligible land of a  
44 private institution of higher education:

45 (1) any vacant land or vacant space in any building located on a  
46 campus of a private institution of higher education; and

1 (2) a business incubation facility having a bona fide affiliation  
2 with a private institution of higher education with the approval of  
3 the Innovate New Jersey Board.

4 In order for there to be a bona fide affiliation of a business  
5 incubation facility with a private institution of higher education, the  
6 business incubation facility and the private institution of higher  
7 education shall have established a partnership to provide assistance  
8 and physical space to a new business. The business incubation  
9 facility and the private institution of higher education shall directly  
10 work towards the goal of jointly creating jobs and incubating new  
11 startup businesses and the mission and activities of the business  
12 incubation facility shall align with or further the academic mission  
13 of the private institution of higher education.

14 b. The board shall give consideration to factors including rural,  
15 suburban, and urban geographic location and may qualify the  
16 identified land or space in a building as eligible land if the board, in  
17 consultation with the authority and the Secretary of Higher  
18 Education or the secretary's designee, determines that the public  
19 institution of higher education has shown that the use of the land or  
20 space will be consistent with the requirements of the program and  
21 the plan submitted by the public institution of higher education.  
22 The aggregate amount of qualified land or space under this section  
23 shall not exceed 150,000 square feet per private institution of higher  
24 education and, when combined with the aggregate amount of  
25 qualified land or space under section 5 of P.L. , c. (C. )  
26 (pending before the Legislature as this bill), 1.5 million square feet  
27 within the State. The board shall maintain an accounting of the  
28 vacant land and space of private institutions of higher education that  
29 have been approved as tax-free New Jersey areas and shall stop  
30 accepting applications for approval of tax-free New Jersey areas  
31 when that maximum amount has been reached.

32 c. A private institution of higher education shall not relocate or  
33 eliminate any academic programs, administrative programs, offices,  
34 housing facilities, dining facilities, athletic facilities, or any other  
35 facility, space, or program that actively serves students, faculty, or  
36 staff in order to create vacant land or space to be utilized for the  
37 Innovate New Jersey Program.

38  
39 7. (New section) a. The president or chief executive officer of  
40 any public institution of higher education seeking to sponsor a tax-  
41 free New Jersey area that has eligible land, specified under section  
42 5 of P.L. , c. (C. ) (pending before the Legislature as this  
43 bill), to be designated as a tax-free New Jersey area shall submit a  
44 plan to the Innovate New Jersey Board that:

45 (1) specifies the eligible land or space the public institution of  
46 higher education wants to include;

47 (2) describes the type of business or businesses that may locate  
48 to that land space and explains how those types of businesses align

1 with or further the academic mission of the public institution of  
2 higher education and how they would have positive community and  
3 economic benefits; and

4 (3) describes the process the public institution of higher  
5 education will follow to select participating businesses.

6 b. At least 30 days prior to submitting the plan described  
7 pursuant to subsection a. of this section, the public institution of  
8 higher education shall provide the municipality or municipalities in  
9 which the proposed tax-free New Jersey area is located, the  
10 applicable public institution of higher education faculty senate,  
11 union representatives, and the campus student government with a  
12 copy of the plan. Before approving or rejecting the plan submitted  
13 by the president or chief executive officer of a public institution of  
14 higher education, the board shall provide a copy of the plan to the  
15 authority and the Secretary of Higher Education.

16 c. In evaluating the plan, the board shall examine the merits of  
17 the plan, including, but not limited to, compliance with the  
18 provisions of P.L. , c. (C. ) (pending before the Legislature  
19 as this bill), including whether the plan exceeds the aggregate  
20 amount of qualified land or space provided under sections 5 or 6 of  
21 P.L. , c. (C. ) (pending before the Legislature as this bill),  
22 the reasonableness of the economic and fiscal assumptions  
23 contained in any supporting documentation, and the potential of the  
24 proposed project to create new jobs. Preference shall not be given  
25 based on the time of submission of the plan provided that any  
26 submission deadline established by the board shall be met.

27 d. A public institution of higher education may amend its  
28 approved plan, provided that the public institution of higher  
29 education shall not violate the terms of any lease with a business  
30 located in the approved tax-free New Jersey area. If a business  
31 located in a tax-free New Jersey area does not have a lease with a  
32 public institution of higher education, and the business is terminated  
33 from the Innovate New Jersey Program pursuant to section 20 of  
34 P.L. , c. (C. ) (pending before the Legislature as this bill),  
35 and subsequently does not relocate outside of the tax-free New  
36 Jersey area, the public institution of higher education may amend its  
37 approved plan to allocate an amount of vacant land or space equal  
38 to the amount of space occupied by the business that is terminated.  
39 The amendment shall be approved pursuant to the procedures and  
40 requirements established pursuant to this section.

41 e. A public institution of higher education shall not accept any  
42 application to locate in a tax-free New Jersey area from a business,  
43 pursuant to section 9 of P.L. , c. (C. ) (pending before the  
44 Legislature as this bill), that would compete with other businesses  
45 in the same municipality but outside the tax-free New Jersey area,  
46 and the board shall reject any application submitted pursuant to this  
47 section upon determining that the business would compete with



1 other businesses in the same municipality but outside the tax-free  
2 New Jersey area.

3 f. A public institution of higher education approved for  
4 participation in the Innovate New Jersey Program shall not charge a  
5 new business for expenses for land or vacant space, utility services,  
6 or consultation services.

7 8. (New section) a. The president or chief executive officer of  
8 any private institution of higher education seeking to sponsor a tax-  
9 free New Jersey area that has eligible land, specified under section  
10 6 of P.L. , c. (C. ) (pending before the Legislature as this  
11 bill), to be designated as a tax-free New Jersey area shall submit a  
12 plan to the Innovate New Jersey Board that:

13 (1) specifies the eligible land or space the private institution of  
14 higher education wants to include;

15 (2) describes the type of business or businesses that may locate  
16 on that land or in that space and explains how those types of  
17 businesses align with or further the academic mission of the private  
18 institution of higher education and how they would have positive  
19 community and economic benefits; and

20 (3) describes the process the private institution of higher  
21 education will follow to select participating businesses.

22 b. At least 30 days prior to submitting the plan described  
23 pursuant to subsection a. of this section, the private institution of  
24 higher education shall provide the municipality or municipalities in  
25 which the proposed tax-free New Jersey area is located with a copy  
26 of the plan. Before approving or rejecting the plan submitted by the  
27 president or chief executive officer of a private institution of higher  
28 education, the board shall provide a copy of the plan to the  
29 authority and the Secretary of Higher Education.

30 c. In evaluating the plan, the board shall examine the merits of  
31 the plan, including, but not limited to, compliance with the  
32 provisions of P.L. , c. (C. ) (pending before the Legislature  
33 as this bill), including whether the plan exceeds the aggregate  
34 amount of qualified land or space provided under sections 5 or 6 of  
35 P.L. , c. (C. ) (pending before the Legislature as this bill),  
36 the reasonableness of the economic and fiscal assumptions  
37 contained in any supporting documentation, and the potential of the  
38 proposed project to create new jobs. Preference shall not be given  
39 based on the time of submission of the plan provided that any  
40 submission deadline established by the board shall be met.

41 d. A private institution of higher education may amend its  
42 approved plan, provided that the private institution of higher  
43 education shall not violate the terms of any lease with a business  
44 located in the approved tax-free New Jersey area. If a business  
45 located in a tax-free New Jersey area does not have a lease with a  
46 private institution of higher education, and the business is  
47 terminated from the Innovate New Jersey Program pursuant to  
48 section 20 of P.L. , c. (C. ) (pending before the Legislature

1 as this bill), and subsequently does not relocate outside of the tax-  
2 free New Jersey area, a private institution of higher education may  
3 amend its approved plan to allocate an amount of vacant land or  
4 space equal to the amount of space occupied by the business that is  
5 terminated. The amendment shall be approved pursuant to the  
6 procedures and requirements set forth in this section.

7 e. A private institution of higher education shall not accept any  
8 application to locate in a tax-free New Jersey area from a business,  
9 pursuant to section 9 of P.L. , c. (C. ) (pending before the  
10 Legislature as this bill), that would compete with other businesses  
11 in the same municipality but outside the tax-free New Jersey area,  
12 and the board shall reject any application submitted pursuant to this  
13 section upon determining that the business would compete with  
14 other businesses in the same municipality but outside the tax-free  
15 New Jersey area.

16 f. A private institution of higher education approved for  
17 participation in the Innovate New Jersey Program shall not charge a  
18 new business for expenses for land or vacant space, utility services,  
19 or consultation services.

20  
21 9. (New section) a. An institution of higher education that  
22 sponsors a tax-free New Jersey area shall solicit and accept  
23 applications from a new business to locate in a tax-free New Jersey  
24 area. An application for eligibility shall be consistent with the plan  
25 of the institution of higher education that has been approved  
26 pursuant to sections 7 or 8 of P.L. , c. (C. ) (pending before  
27 the Legislature as this bill). A new business that wants to locate in  
28 a tax-free New Jersey area shall submit an application to the  
29 sponsoring institution of higher education by December 31, 2020.

30 b. The sponsoring institution of higher education shall provide  
31 the application and all supporting documentation from any new  
32 business it decides to accept into its tax-free New Jersey area to the  
33 Innovate New Jersey Board for review and approval. The  
34 application shall be in a form prescribed by the board and shall  
35 contain all information the board determines is necessary to  
36 properly evaluate the new business's application, including, but not  
37 limited to:

38 (1) the name, address, and employer identification number of  
39 the new business;

40 (2) a description of the eligible land or space the new business  
41 will use;

42 (3) the terms of the lease agreement, if applicable, between the  
43 sponsoring institution of higher education and the new business;  
44 and

45 (4) whether or not the land or space being used by the new  
46 business is being transferred or sublet to the new business from  
47 some other business.

1       The application shall include a certification by the new business  
2       that it meets the eligibility criteria specified in section 12 of P.L.     ,  
3       c.   (C.       ) (pending before the Legislature as this bill) and will  
4       align with or further the academic mission of the sponsoring  
5       institution of higher education, and that the new business's  
6       participation in the Innovate New Jersey Program will have positive  
7       community and economic benefits. The application shall include  
8       information concerning whether the new business competes with  
9       other businesses in the same community but outside the tax-free  
10      New Jersey area and a description of how the new business plans to  
11      recruit employees from the local workforce.

12      c.   The Innovate New Jersey Board shall review the application  
13      and documentation within 60 days of receipt and may reject the  
14      application upon a determination that the new business does not  
15      meet the eligibility criteria in section 12 of P.L.     , c.   (C.       )  
16      (pending before the Legislature as this bill), has submitted an  
17      incomplete application, has failed to comply with subsection d. of  
18      this section, or has failed to demonstrate that the new business's  
19      participation in the Innovate New Jersey Program will have positive  
20      community and economic benefits, which shall be evaluated based  
21      on factors including, but not limited to, whether the new business  
22      competes with other businesses in the same community but outside  
23      the tax-free New Jersey area as prohibited by sections 7 and 8 of  
24      P.L.     , c.   (C.       ) (pending before the Legislature as this bill).  
25      If the board rejects the application, it shall provide notice of its  
26      rejection to the sponsoring institution of higher education and the  
27      new business. If the board does not reject the application within 60  
28      days, the new business shall be accepted to locate in a tax-free New  
29      Jersey area. The sponsoring institution of higher education shall  
30      provide an accepted new business with documentation of the new  
31      business's acceptance in a form as prescribed by the director which  
32      shall be used to demonstrate the new business's eligibility for the  
33      tax benefits specified in sections 16 and 17 of P.L.     , c.   (C.       )  
34      (pending before the Legislature as this bill).

35      d.   If a public institution of higher education proposes to enter  
36      into a lease with a new business for underutilized property with a  
37      term greater than 10 years, including any options to renew, or for  
38      underutilized property of up to 150,000 square feet, the public  
39      institution of higher education, at the same time as the application is  
40      provided to the Innovate New Jersey Board, also shall submit the  
41      lease for review to the board. If the authority does not disapprove  
42      of the lease terms within 30 days, the lease shall be deemed  
43      approved. If the board disapproves the lease terms, the public  
44      institution of higher education shall submit modified lease terms to  
45      the board for review. The board's 60 day review period is  
46      suspended while the authority is reviewing the lease and during the  
47      time it takes the public institution of higher education to modify the  
48      lease terms.

1 e. Except as otherwise provided in law, proprietary information  
2 or supporting documentation submitted by a new business to a  
3 sponsoring institution of higher education shall only be utilized for  
4 the purpose of evaluating a new business's application or  
5 compliance with the provisions of P.L. , c. (C. ) (pending  
6 before the Legislature as this bill) and shall not otherwise be  
7 disclosed. A person who willfully discloses proprietary information  
8 to a third party for any other purpose whatsoever shall be guilty of a  
9 crime of the fourth degree.

10  
11 10. (New section) a. At the conclusion of the term of a lease  
12 between the sponsoring institution of higher education and a new  
13 business for underutilized property in a tax-free New Jersey area at  
14 a sponsoring institution of higher education, the leased  
15 underutilized property and any improvements thereon shall revert to  
16 the sponsoring institution of higher education, unless the lease is  
17 renewed.

18 b. If, at any time, the sponsoring institution of higher education  
19 or the authority determines that a new business no longer satisfies  
20 any of the eligibility criteria specified in section 12 of P.L. ,  
21 c. (C. ) (pending before the Legislature as this bill), the  
22 sponsoring institution of higher education shall recommend to the  
23 authority that the authority terminate, or the authority on the  
24 authority's own initiative shall immediately terminate, a new  
25 business's participation in the Innovate New Jersey Program. The  
26 business shall be notified of the termination by a method which  
27 allows for verification of receipt of the termination notice. A copy  
28 of the termination notice shall be sent to the director. Upon  
29 termination, the new business shall not be eligible for the tax  
30 benefits specified in sections 16 and 17 of P.L. , c. (C. )  
31 (pending before the Legislature as this bill) for that or any future  
32 taxable year. Upon termination, the lease or contract between the  
33 sponsoring institution of higher education and the new business  
34 shall be rescinded, effective 30 days after the authority mailed its  
35 termination notice to the new business and the land or space and  
36 any improvements thereon shall revert to the sponsoring institution  
37 of higher education.

38  
39 11. (New section) a. Each institution of higher education  
40 participating in the Innovate New Jersey Program shall adopt a  
41 conflict of interest policy. The conflict of interest policy shall  
42 provide, as the policy relates to the program:

43 (1) as a general principle, that service as an official of the  
44 institution of higher education shall not be used as a means for  
45 private benefit or inurement for the official, a relative thereof, or  
46 any entity in which the official, or relative thereof, has a business  
47 interest;

1 (2) an official who is a vendor or employee of a vendor of goods  
2 or services to the institution of higher education, or who has a  
3 business interest in the vendor, or whose relative has a business  
4 interest in the vendor, shall not vote on, or participate in the  
5 administration by the institution of higher education, as the case  
6 may be, of any transaction with the vendor; and

7 (3) upon becoming aware of an actual or potential conflict of  
8 interest, an official shall advise the president or chief executive  
9 officer of the institution of higher education, as the case may be, of  
10 the official's or a relative's business interest in any existing or  
11 proposed vendor with the institution of higher education. Each  
12 institution of higher education shall maintain a written record of all  
13 disclosures of actual or potential conflicts of interest made pursuant  
14 to this subsection, and shall report a disclosure, on a calendar year  
15 basis, by January 31st of each year, to the auditor working on behalf  
16 of the institution of higher education. The institution of higher  
17 education shall forward the report to the authority and the Secretary  
18 of Higher Education. The authority shall make the report available  
19 to the public.

20 b. For the purposes of a conflict of interest policy adopted  
21 pursuant to subsection a. of this section:

22 (1) an official of an institution of higher education has a  
23 business interest in an entity if the individual: (a) owns or controls  
24 10 percent or more of the stock of the entity or one percent in the  
25 case of an entity which is regularly traded on an established  
26 securities exchange; or (b) serves as an officer, director, or partner  
27 of the entity;

28 (2) a relative of an official of an institution of higher education  
29 means any person living in the same household as the individual  
30 and any person who is a direct descendant of that individual's  
31 grandparents or the spouse of the descendant; and

32 (3) an official of an institution of higher education means an  
33 employee at the level of dean and above as well as any other  
34 employee with decision-making authority over the Innovate New  
35 Jersey Program.

36  
37 12. (New section) In order to participate in the Innovate New  
38 Jersey Program, a new business shall satisfy the following criteria:

39 a. A new business shall be:

40 (1) in the formative stage of development; or

41 (2) engaged in the design, development, and introduction of new  
42 biotechnology, information technology, re-manufacturing, advanced  
43 materials, processing, engineering or electronic technology  
44 products, or innovative manufacturing processes, and meet any  
45 other requirements for a high technology business as the authority  
46 shall develop.

47 b. The mission and activities of the new business shall align  
48 with or further the academic mission of the institutions of higher

1 education sponsoring the tax-free New Jersey area in which the new  
2 business seeks to locate, and the new business's participation in the  
3 program shall have positive community and economic benefits as  
4 determined by the board.

5 c. The new business shall demonstrate that the new business  
6 will, in its first year of operation, create net new jobs. After its first  
7 year of operation, the new business shall maintain net new jobs.  
8 The average number of employees of the new business and its  
9 related persons in the State during the year shall equal or exceed the  
10 sum of:

11 (1) the average number of employees of the new business and its  
12 related persons in the State during the year immediately preceding  
13 the year in which the new business submits its application to locate  
14 in a tax-free New Jersey area; and

15 (2) net new jobs of the new business in the tax-free New Jersey  
16 area during the year.

17 The average number of employees of the new business and its  
18 related persons in the State shall be determined by adding together  
19 the total number of employees of the new business and its related  
20 persons in the State on March 31st, June 30th, September 30th, and  
21 December 31st and dividing the total by the number of those dates  
22 occurring within that year.

23 d. Except as provided in subsections h. and i. of this section, at  
24 the time a new business submits its application for the Innovate  
25 New Jersey Program, the new business shall be a new business to  
26 the State.

27 e. The new business may be organized as a corporation, a  
28 partnership, limited liability company, or a sole proprietorship.

29 f. Upon completion of its first year in the Innovate New Jersey  
30 Program and thereafter, the new business shall complete and file the  
31 annual report required under section 19 of P.L. , c. (C. )  
32 (pending before the Legislature as this bill).

33 g. Except as provided in subsections h. and i. of this section,  
34 the new business shall not be engaged in a line of business that is  
35 currently or was previously conducted by the new business or a  
36 related person in the last five years in this State.

37 h. If a business does not satisfy the eligibility standard set forth  
38 in subsections d. or g. of this section, because at one point in time  
39 the business operated in the State but moved its operations out of  
40 the State on or before the effective date of P.L. , c. (C. )  
41 (pending before the Legislature as this bill), the authority shall grant  
42 that business permission to apply to participate in the Innovate New  
43 Jersey Program if the authority determines that the business has  
44 demonstrated that it will substantially restore the jobs in the State  
45 that the business previously moved out of State.

46 i. If a business seeks to expand its current operations in the  
47 State into a tax-free New Jersey area but the business does not  
48 qualify as a new business because it does not satisfy the criteria in

1 subsection g. of this section, the authority shall grant the business  
2 permission to apply to participate in the Innovate New Jersey  
3 Program if the authority determines that the business has  
4 demonstrated that it will create net new jobs in the tax-free New  
5 Jersey area and that the business or any related person has not  
6 eliminated any jobs in the State in connection with this expansion.

7 j. A new business shall be in compliance with all State and  
8 federal worker protection and environmental laws and regulations.

9 k. A new business shall not owe past due State or federal taxes  
10 or local property taxes.

11 l. A business that has successfully completed residency in a  
12 business incubation facility, subject to approval of the authority,  
13 may apply to participate in the Innovate New Jersey Program  
14 provided that the business locates in a tax-free New Jersey area,  
15 notwithstanding the fact that the business may not constitute a new  
16 business in the State.

17

18 13. (New section) a. A new business submitting an application  
19 for approval into the Innovate New Jersey program, as part of the  
20 application, shall:

21 (1) agree to allow the director to share its tax information with  
22 the authority and the sponsoring institution of higher education;

23 (2) agree to allow the Department of Labor and Workforce  
24 Development to share its employer information with the authority  
25 and the sponsoring institution of higher education;

26 (3) allow the authority and the sponsoring institution of higher  
27 education access to any and all books and records the authority or  
28 sponsoring institution of higher education may require to monitor  
29 compliance;

30 (4) include performance benchmarks, including the number of  
31 net new jobs that shall be created, the schedule for creating those  
32 jobs, and details on job titles and expected salaries;

33 (5) provide the following information to the authority and  
34 sponsoring institution of higher education upon request:

35 (a) the prior three years of federal and State income or franchise  
36 tax returns, unemployment insurance returns, real property tax bills,  
37 and audited financial statements; and

38 (b) the employer identification or social security numbers for all  
39 related persons to the new business, including those of any  
40 members of a limited liability company or partners in a partnership;

41 (6) provide a clear and detailed presentation of all related  
42 persons to the new business to assure the authority that jobs are not  
43 being shifted within the State; and

44 (7) certify, under penalty of perjury, that the new business is in  
45 substantial compliance with all environmental, worker protection,  
46 and local, State, and federal tax laws, and that it satisfies all the  
47 eligibility requirements to participate in the program.

1       b. The application shall specify the consequences for failure to  
2 meet the performance benchmarks, as determined by the new  
3 business and the sponsoring institution of higher education,  
4 including one or more of the following consequences:

5       (1) the suspension of the new business's participation in the  
6 Innovate New Jersey Program for one or more tax years as specified  
7 in the application;

8       (2) the termination of the new business's participation in the  
9 program; or

10       (3) the proportional recovery of tax benefits awarded under the  
11 program as specified in section 20 of P.L. , c. (C. ) (pending  
12 before the Legislature as this bill).

13  
14       14. (New section) The authority and the director shall disclose  
15 publicly the names and addresses of every new business located  
16 within a tax-free New Jersey area. The authority and the director  
17 shall make available to the public and include in the annual report  
18 required pursuant to section 19 of P.L. , c. (C. ) (pending  
19 before the Legislature as this bill) any other information contained  
20 in a new business's application and annual report, including the  
21 projected number of net new jobs to be created, as the authority  
22 determines is relevant and necessary to evaluate the success of the  
23 Innovate New Jersey Program.

24  
25       15. (New section) The following types of businesses are  
26 prohibited from participating in the Innovate New Jersey Program.

- 27       a. retail and wholesale businesses;  
28       b. restaurants;  
29       c. real estate brokers;  
30       d. law firms;  
31       e. medical or dental practices;  
32       f. real estate management companies;  
33       g. hospitality-related businesses;  
34       h. finance and financial services;  
35       i. businesses providing personal services;  
36       j. businesses providing business administrative or support  
37 services, unless the business has received permission from the  
38 authority to apply to participate in the program upon demonstration  
39 that the business will create no fewer than 100 net new jobs in a  
40 tax-free New Jersey area;  
41       k. accounting firms; and  
42       l. businesses providing utility services or are otherwise  
43 engaged in the generation or distribution of electricity, the  
44 distribution of natural gas, or the production of steam associated  
45 with the generation of electricity.

46  
47       16. (New section) a. A new business that is accepted into the  
48 Innovate New Jersey Program and locates in a tax-free New Jersey



1 area shall be exempt for a period of five years, or for the duration of  
2 the time that the new business is participating in the program,  
3 whichever is shorter, from the following taxes as applicable to the  
4 new business:

5 (1) the tax imposed pursuant to section 5 of P.L.1945, c.162  
6 (C.54:10A-5);

7 (2) the tax imposed pursuant to the “New Jersey Gross Income  
8 Tax Act,” N.J.S.54A:1-1 et seq.;

9 (3) the tax imposed pursuant to sections 2 and 3 of P.L.1945,  
10 c.132 (C.54:18A-2 and 54:18A-3);

11 (4) the tax imposed pursuant to section 1 of P.L.1950, c.231  
12 (C.17:32-15);

13 (5) the tax imposed pursuant to N.J.S.17B:23-5.

14 b. A new business that is accepted into the program and locates  
15 in a tax-free New Jersey area shall be exempt for a period of 10  
16 years, or for the duration of the time that the new business is  
17 participating in the program, whichever is shorter, from the tax  
18 imposed pursuant to the “Sales and Use Tax Act,” P.L.1966, c.30  
19 (C.54:32B-1 et seq.).  
20

21 17. (New section) The land, structures, facilities, and buildings  
22 wherein a new business, as that term is defined pursuant to section  
23 2 of P.L. , c. (C. ) (pending before the Legislature as this  
24 bill), that is approved for participation the Innovate New Jersey  
25 Program established pursuant to P.L. , c. (C. ) (pending  
26 before the Legislature as this bill) and locates in a tax-free New  
27 Jersey area, as that term is defined pursuant to section 2 of P.L. ,  
28 c. (C. ) (pending before the Legislature as this bill), shall be  
29 exempt for a period of five years, or for the duration of the time that  
30 the new business is participating in the program, whichever is  
31 shorter, from taxation as real property under chapter 4 of Title 54 of  
32 the Revised Statutes, for as long as the new business remains in the  
33 program and within a tax-free New Jersey area.  
34

35 18. (New section) a. To implement the Innovate New Jersey  
36 Program, the authority shall establish and maintain a special non-  
37 lapsing, revolving fund to be known as the “Innovate New Jersey  
38 Grant Fund” for the purpose of providing grants to sponsoring  
39 institutions of higher education to be used for start-up costs related  
40 to necessary tenant fit-up improvements to the facilities of a  
41 sponsoring institution of higher education, and for consulting  
42 service and technical assistance to new businesses within a business  
43 incubation facility.

44 b. The fund may be credited with:

45 (1) moneys made available by the authority for the purpose of  
46 the fund; and

47 (2) moneys received by the authority from any public or private  
48 donations.

1       c. The Innovate New Jersey Board shall consider a request for  
2 a grant from the fund in a manner established by the board. The  
3 amount of any grant shall not exceed \$125,000 a year for the first  
4 three years following board approval for a business incubation  
5 facility approved by the board.

6  
7       19. (New section) a. The authority shall prepare an annual  
8 report on the Innovate New Jersey Program and deliver the report to  
9 the Governor and, pursuant to section 2 of P.L.1991, c.164  
10 (C.52:14-19.1), to the Legislature. The report shall include the  
11 number of business applicants, the number of new businesses  
12 approved, the names and addresses of the new businesses located  
13 within a tax-free New Jersey area, the total amount of benefits  
14 distributed, the benefits received per new business, the number of  
15 net new jobs created, the number of net new jobs created per new  
16 business, the amount of new investment per new business, the types  
17 of industries represented, and any other information as the authority  
18 determines is necessary to evaluate the progress of the Innovate  
19 New Jersey Program.

20       b. The authority shall create an Internet website for the  
21 program which shall include, but not be limited to, the following  
22 information:

23       (1) a list of the resources available to potential new businesses;

24       (2) a complete listing of business incubation facilities located in  
25 the State;

26       (3) a description of the economic incentives for New Jersey-  
27 based businesses with the criteria for each program; and

28       (4) the contact information for the authority and the Business  
29 Action Center.

30       c. Any new business located in a tax-free New Jersey area shall  
31 submit an annual report to the authority in a form and manner and  
32 with any information as prescribed by the authority in consultation  
33 with the director. The information shall be sufficient for the  
34 authority and the director to: (1) monitor the continued eligibility of  
35 the new business and its employees to participate in the program  
36 and receive the tax benefits described in sections 16 and 17 of  
37 P.L. , c. (C. ) (pending before the Legislature as this bill);  
38 (2) evaluate the progress of the program; and (3) prepare the annual  
39 report required by subsection a. of this subsection. The annual  
40 report shall include information regarding the wages paid by a new  
41 business during the year to its employees employed in the net new  
42 jobs created and maintained in the tax-free New Jersey area.

43  
44       20. (New section) If the authority determines that any business  
45 located in a tax-free New Jersey area and participating in the  
46 Innovate New Jersey Program has acted fraudulently in connection  
47 with its participation in the program, the business shall be:

48       a. immediately terminated from the program;

1       b. subject to applicable criminal penalties, including, but not  
2 limited to, the crime of offering a false instrument for filing  
3 pursuant to N.J.S.2C:21-3; and

4       c. required in that year to pay back the total value of the tax  
5 benefits described in sections 16 and 17 of P.L. , c. (C. )  
6 (pending before the Legislature as this bill) that the business  
7 received and that the employees of the business have received up to  
8 the date of that finding. The amount required to be paid back shall  
9 be reported on any form the director may require.

10  
11       21. (New section) The authority, in consultation with the  
12 Innovate New Jersey Board and the Secretary of Higher Education,  
13 shall adopt rules and regulations, pursuant to the "Administrative  
14 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to  
15 implement the provisions of P.L. , c. (C. ) (pending before  
16 the Legislature as this bill), including, but not limited to,  
17 establishing the process for the submission of plans and approvals  
18 of tax-free New Jersey areas and the eligibility criteria that shall be  
19 applied in evaluating those plans and approvals, establishing the  
20 process for the evaluation and possible rejection of applications, the  
21 eligibility criteria that shall be applied in evaluating applications,  
22 and the process for terminations from the Innovate New Jersey  
23 Program and administrative appeals of any terminations.

24  
25       22. R.S.54:4-3.6 is amended to read as follows:

26       54:4-3.6. The following property shall be exempt from taxation  
27 under this chapter: all buildings actually used for colleges, schools,  
28 academies or seminaries, provided that if any portion of **[such]**  
29 those buildings are leased to profit-making organizations or  
30 otherwise used for purposes which are not themselves exempt from  
31 taxation, **[said]** that portion, except any building or portion thereof  
32 within a tax-free New Jersey area established pursuant to P.L. ,  
33 c. (C. ) (pending before the Legislature as this bill), shall be  
34 subject to taxation and the remaining portion only shall be exempt;  
35 all buildings actually used for historical societies, associations, or  
36 exhibitions, when owned by the State, county, or any political  
37 subdivision thereof or when located on land owned by an  
38 educational institution which derives its primary support from State  
39 revenue; all buildings actually and exclusively used for public  
40 libraries, **[asylum]** asylums, or schools for adults and children with  
41 intellectual disabilities; all buildings used exclusively by any  
42 association or corporation formed for the purpose and actually  
43 engaged in the work of preventing cruelty to animals; all buildings  
44 actually and exclusively used and owned by volunteer first-aid  
45 squads, which squads are or shall be incorporated as associations  
46 not for pecuniary profit; all buildings actually used in the work of  
47 associations and corporations organized exclusively for the moral  
48 and mental improvement of men, women and children, provided

1 that if any portion of a building used for that purpose is leased to  
2 profit-making organizations or is otherwise used for purposes which  
3 are not themselves exempt from taxation, that portion shall be  
4 subject to taxation and the remaining portion only shall be exempt;  
5 all buildings actually used in the work of associations and  
6 corporations organized exclusively for religious purposes, including  
7 religious worship, or charitable purposes, provided that if any  
8 portion of a building used for that purpose is leased to a profit-  
9 making organization or is otherwise used for purposes which are not  
10 themselves exempt from taxation, that portion shall be subject to  
11 taxation and the remaining portion shall be exempt from taxation,  
12 and provided further that if any portion of a building is used for a  
13 different exempt use by an exempt entity, that portion shall also be  
14 exempt from taxation; all buildings, other than those exempt from  
15 taxation pursuant to section 3 of P.L.2021, c.17 (C.54:4-3.6j),  
16 actually used in the work of associations and corporations organized  
17 exclusively for hospital purposes, provided that if any portion of a  
18 building used for hospital purposes is leased to profit-making  
19 organizations or otherwise used for purposes which are not  
20 themselves exempt from taxation, that portion shall be subject to  
21 taxation and the remaining portion only shall be exempt; all  
22 buildings owned or held by an association or corporation created for  
23 the purpose of holding the title to **【such】** those buildings as are  
24 actually and exclusively used in the work of two or more  
25 associations or corporations organized exclusively for the moral and  
26 mental improvement of men, women and children; all buildings  
27 owned by a corporation created under or otherwise subject to the  
28 provisions of Title 15 of the Revised Statutes or Title 15A of the  
29 New Jersey Statutes and actually and exclusively used in the work  
30 of one or more associations or corporations organized exclusively  
31 for charitable or religious purposes, which associations or  
32 corporations may or may not pay rent for the use of the premises or  
33 the portions of the premises used by them; the buildings, not  
34 exceeding two, actually occupied as a parsonage by the officiating  
35 clergymen of any religious corporation of this State, together with  
36 the accessory buildings located on the same premises; the land  
37 whereon any of the buildings hereinbefore mentioned are erected,  
38 and which may be necessary for the fair enjoyment thereof, and  
39 which is devoted to the purposes above mentioned and to no other  
40 purpose and does not exceed five acres in extent; the furniture and  
41 personal property in **【said】** those buildings if used in and devoted  
42 to the purposes above mentioned; all property owned and used by  
43 any nonprofit corporation in connection with its curriculum, work,  
44 care, treatment and study of men, women, or children with  
45 intellectual disabilities shall also be exempt from taxation, provided  
46 that **【such】** the nonprofit corporation conducts and maintains  
47 research or professional training facilities for the care and training  
48 of men, women, or children with intellectual disabilities; provided,

1 in case of all the foregoing, the buildings, or the lands on which  
2 they stand, or the associations, corporations or institutions using  
3 and occupying them as aforesaid, are not conducted for profit,  
4 except that the exemption of the buildings and lands used for  
5 charitable, benevolent or religious purposes shall extend to cases  
6 where the charitable, benevolent or religious work therein carried  
7 on is supported partly by fees and charges received from or on  
8 behalf of beneficiaries using or occupying the buildings; provided  
9 the building is wholly controlled by and the entire income  
10 therefrom is used for **[said]** those charitable, benevolent, or  
11 religious purposes; and any tract of land purchased pursuant to  
12 subsection (n) of section 21 of P.L.1971, c.199 (C.40A:12-21), and  
13 located within a municipality, actually used for the cultivation and  
14 sale of fresh fruits and vegetables and owned by a duly incorporated  
15 nonprofit organization or association which includes among its  
16 principal purposes the cultivation and sale of fresh fruits and  
17 vegetables, other than a political, partisan, sectarian,  
18 denominational or religious organization or association. The  
19 foregoing exemption shall apply only where the association,  
20 corporation or institution claiming the exemption owns the property  
21 in question and is incorporated or organized under the laws of this  
22 State and authorized to carry out the purposes on account of which  
23 the exemption is claimed or where an educational institution, as  
24 provided herein, has leased **[said]** the property in question to a  
25 historical society or association or to a corporation organized for  
26 **[such]** those purposes and created under or otherwise subject to the  
27 provisions of Title 15 of the Revised Statutes or Title 15A of the  
28 New Jersey Statutes.

29 As used in this section "hospital purposes" includes health care  
30 facilities for the elderly, such as: nursing homes; residential health  
31 care facilities; assisted living residences; facilities with a Class C  
32 license pursuant to P.L.1979, c.496 (C.55:13B-1 et al.), the  
33 "Rooming and Boarding House Act of 1979"; similar facilities that  
34 provide medical, nursing or personal care services to their residents;  
35 and that portion of the central administrative or service facility of a  
36 continuing care retirement community that is reasonably allocable  
37 as a health care facility for the elderly.

38 (cf: P.L.2021, c.17, s.5)

39  
40 23. This act shall take effect immediately, but shall remain  
41 inoperative for 60 days following the date of enactment.  
42  
43

#### 44 STATEMENT

45  
46 This bill, entitled the "Innovate New Jersey Act," creates the  
47 Innovate New Jersey Program (program) to allow public and private  
48 colleges, universities, and community colleges in New Jersey to be

1 able to apply to have vacant space or land on their campuses  
2 designated as tax-free areas for the purpose of creating incubators  
3 for certain new and expanding businesses. The area designated for  
4 a business incubator may be no more than 150,000 square feet at  
5 any one college or university and no more than 1.5 million square  
6 feet of business incubator space authorized for the State.  
7 Participating colleges or universities may not utilize space that is  
8 currently being used for academic purposes to open a business  
9 incubator. Business incubator programs which currently exist and  
10 meet the program's qualifications criteria may apply for approval  
11 under the program.

12 The program transforms vacant land and building space on the  
13 campuses of institutions of higher education into a "tax-free New  
14 Jersey area" (tax-free area) for qualifying businesses. This creates  
15 the opportunity for businesses to engage in commerce in a zero tax  
16 environment and allows businesses to leverage the assets of the  
17 college or university. Under the bill, these businesses will not be  
18 subject to State corporate or income tax or franchise fees or any  
19 local property taxes for five years, and will not have any sales tax  
20 liability for 10 years.

21 Applications for acceptance into the program are to be decided  
22 by an Innovate New Jersey Board (board) to be established within  
23 the Economic Development Authority (EDA). The board consists  
24 of five members, one member each designated by the Governor, the  
25 Senate President, the Assembly Speaker, the Senate Minority  
26 Leader, and the Assembly Minority Leader. The board is to decide  
27 which colleges or universities may allocate tax-free space for a  
28 business incubator and which businesses are eligible to locate there.

29 A new business accepted into the program is exempt for five  
30 years, or for the duration of the time that the new business is  
31 participating in the program, whichever is shorter, from: 1) the  
32 corporation business tax; 2) the gross income tax; 3) premiums  
33 taxes on domestic and foreign insurers; and 4) local property taxes.  
34 Further, the new business is exempt for 10 years, or for the duration  
35 of the time that the new business is participating in the program,  
36 whichever is shorter, from the sales and use tax.

37 In order to locate in a tax-free area: 1) A new business is to be in  
38 the formative stage of development or engaged in the design,  
39 development, and introduction of new biotechnology, information  
40 technology, remanufacturing, advanced materials, processing,  
41 engineering, or electronic technology products, or innovative  
42 manufacturing processes, and meet any other requirements for a  
43 high technology business as the authority shall develop; 2) the  
44 missions and activities of the business are to align with, or further  
45 the academic mission of the university or college in the area in  
46 which the business seeks to locate; 3) a business will be required to  
47 be a new business in the State or an expanding business that creates  
48 net new jobs pursuant to a net-benefits test requiring that the

1 business continue to maintain net new jobs and employment  
2 numbers of the business and its related companies throughout the  
3 State while in the program; and 4) the business's participation in the  
4 program is to have positive community and economic effects.

5 The bill establishes an "Innovate New Jersey Grant Fund" (fund)  
6 to provide grants to assist selected colleges or universities with  
7 start-up costs related to necessary capital improvements to college  
8 or university facilities, and service improvement including  
9 consulting and technical assistance in order to open and operate an  
10 incubator. Grants are to be up to \$125,000 a year for the first three  
11 years following board approval for inclusion in the program.

12 A business that does not meet its net new job creation  
13 performance standards is subject to a proportionate reduction of  
14 benefits, suspension, termination, or any of the above. In the case  
15 of a business that acted fraudulently, the business would be  
16 immediately terminated from the program, be subject to applicable  
17 criminal penalties including the crime of offering a false instrument  
18 for filing in the first degree, and be required to pay back all tax  
19 benefits that the company and its employees have received.

20 In administering the program, the EDA is to create a website for  
21 the program to include, but not be limited to: 1) a list of the  
22 resources available to potential new businesses; 2) a complete  
23 listing of business incubator facilities located in the State; 3) a  
24 description of the economic incentives for New Jersey-based  
25 businesses with the criteria for each program; and 4) the contact  
26 information for the authority and the Business Action Center.